

# Chapter Planning Guide

# 22

## Key to Ability Levels

**BL** Below level

**OL** On level

**AL** Above level


**ELL** English  
Language Learners






















## Key to Teaching Resources

 Print Material

 CD-ROM

 DVD

 Transparency

Levels				Resources		Chapter Opener	Section 1	Section 2	Section 3	Chapter Assess
BL	OL	AL	ELL							
					<b>FOCUS</b>					
BL	OL	AL	ELL		Daily Focus Skills Transparencies		22-1	22-2	22-3	
					<b>TEACH</b>					
BL	OL		ELL		Reading Essentials and Note-Taking Guide*		p. 207	p. 210	p. 213	
	OL	AL			Citizenship/Decision-Making Activity, URB		p. 3			
	OL	AL			Primary Source Reading, URB			p. 15		
BL	OL	AL	ELL		Content Vocabulary Activity, URB*	p. 111	p. 111	p. 111	p. 111	
BL	OL	AL	ELL		Academic Vocabulary Activity, URB	p. 113	p. 113	p. 113	p. 113	
	OL				Biography Activity, URB		p. 115			
BL	OL	AL	ELL		Writing Skills Activity, URB		p. 117			
	OL	AL			Critical Thinking Skills Activity, URB	p. 119	p. 119	p. 119	p. 119	
BL	OL	AL	ELL		Chart, Graph, and Map Skills Activity, URB	p. 121	p. 121	p. 121	p. 121	
BL	OL	AL	ELL		Differentiated Instruction, URB				p. 123	
BL	OL	AL	ELL		School-to-Home Connection Activity, URB*	p. 125	p. 125	p. 125	p. 125	
BL	OL		ELL		Guided Reading Activities, URB*		p. 129	p. 130	p. 131	
BL	OL	AL	ELL		Writer's Guidebook	✓	✓	✓	✓	✓
	OL	AL			Primary Source Document Library CD-ROM	✓	✓	✓	✓	✓
BL	OL	AL	ELL		Vocabulary PuzzleMaker CD-ROM	✓	✓	✓	✓	✓
BL	OL	AL	ELL		Daily Lecture & Discussion Notes (in Pres. Plus)		✓	✓	✓	✓
BL	OL	AL	ELL		StudentWorks™ Plus DVD		✓	✓	✓	✓
BL	OL	AL	ELL		Section Video Program		✓	✓	✓	
BL	OL	AL	ELL		TIME Interpreting Political Cartoons Transp.			Ch. 22		
BL	OL	AL	ELL		Writing Process Transparencies	✓	✓	✓	✓	✓

Note: Please refer to the *Unit Resource Book: The Economy and the Individual* for this chapter's URB materials.

\* Also available in Spanish



- Interactive Lesson Planner
- Interactive Teacher Edition
- Fully editable blackline masters
- Section Spotlight Videos Launch
- Differentiated Lesson Plans
- Printable reports of daily assignments
- Standards Tracking System

Levels				Resources		Chapter Opener	Section 1	Section 2	Section 3	Chapter Assess
BL	OL	AL	ELL							
					<b>TEACH</b> <i>(continued)</i>					
<b>Teacher Resources</b>					Building Academic Vocabulary	✓	✓	✓	✓	✓
					Strategies for Success	✓	✓	✓	✓	✓
					Teacher's Guide to Differentiated Instruction	✓	✓	✓	✓	✓
					Graph Tool CD-ROM	✓	✓	✓	✓	✓
					Presentation Plus! DVD	✓	✓	✓	✓	✓
					<b>ASSESS</b>					
BL	OL	AL	ELL		Quizzes and Tests*		p. 260	p. 261	p. 262	p. 263
BL	OL	AL	ELL		Authentic Assessment with Rubrics		p. 26			
BL	OL	AL	ELL		Standardized Test Practice		p. 43			
BL	OL	AL	ELL		ExamView® Assessment Suite CD-ROM		22-1	22-2	22-3	Ch. 22
BL	OL	AL	ELL		Interactive Tutor Self-Assessment CD-ROM	✓	✓	✓	✓	✓
					<b>CLOSE</b>					
BL			ELL		Reteaching Activity, URB*		p. 127	p. 127	p. 127	
BL	OL		ELL		Reading and Study Skills Foldables™ Activity	p. 92	p. 93	p. 93		
BL	OL	AL	ELL		Graphic Organizer Transparencies & Strategies	✓	✓	✓	✓	✓

## Teaching Internet Search Skills

Glencoe TechCONNECT™ is an engaging, activities-based online program that enhances comprehension of core subjects while teaching technology skills.

### Objective

- Students will find credible information online and incorporate it into projects.

### Technology

- Glencoe TechCONNECT™ (For more information or to get a free 30-day trial of Glencoe TechCONNECT™ for your classroom, **visit [techconnect.glencoe.com](http://techconnect.glencoe.com) and click the Free Trial button.**)
- Web browser

### Focus/Teach

- To see activities correlated to this textbook, log on to TechCONNECT™ and click the “Find your textbook” link. You can also search for activities. After you log on, click Activity Search. Choose Social Studies, Web Browsers, and your grade level.

- Have students log on and enter the letters AC and the three-digit activity number. For example, to access activity #68, Becoming a Concerned Citizen, enter AC068.
- Have students read each page of the activity and follow the on-screen instructions.

### Assess

- Have students complete the activity’s self-assessment rubric.
- Students may also complete the activity’s TechCheck, a five-question multiple-choice quiz. Enter the letters TC and the three-digit activity number, such as TC068.

### Close

- Review this activity with the class.



	Student	Teacher	Parent
Beyond the Textbook	•	•	•
Chapter Overviews	•	•	•
Concepts in Motion	•		•
ePuzzles and Games	•		•
Glencoe Teaching Today		•	
Literature Connections		•	
Multi-Language Glossaries	•		•
Online Student Edition	•	•	•
Section Videos	•	•	•
Self-Check Quizzes	•		•
Student Web Activities	•		•
Study Central™	•		•
TIME Current Events	•		•
Vocabulary eFlashcards	•		•
Web Activity Lesson Plans		•	



## Reading List Generator CD-ROM

## GLENCOE BOOKLINK 3

Use this database to search more than 30,000 titles to create a customized reading list for your students.

- Reading lists can be organized by students' reading level, author, genre, theme, or area of interest.
- The database provides Degrees of Reading Power™ (DRP) and Lexile™ readability scores for all selections.
- A brief summary of each selection is included.

### Reading suggestions

#### Leveled reading suggestions for this chapter:

##### For students at a Grade 7 reading level:

- *Rosie the Riveter Revisited: Women, the War, and Social Change*, by Sherna Berger Gluck

##### For students at a Grade 8 reading level:

- *Top Entrepreneurs and Their Businesses* by Robert B. Pile

##### For students at a Grade 9 reading level:

- *Interviewing for Information*, by Schwartz, Stuart & Conley, Craig

##### For students at a Grade 10 reading level:

- *The Dust Bowl and the Depression in American History*, by Debra McArthur

##### For students at a Grade 11 reading level:

- *Be Your Own Boss: Small Businesses*, by Ernestine Giesecke

## READING SUPPORT FROM JAMESTOWN EDUCATION

- **Timed Readings Plus in Social Studies** helps students increase their reading rate and fluency while maintaining comprehension. The 400-word passages are similar to those found on state and national assessments.
- **Reading in the Content Area: Social Studies** concentrates on six essential reading skills that help students better comprehend what they read. The book includes 75 high-interest nonfiction articles written at increasing levels of difficulty.
- **Reading Social Studies** includes strategic reading instruction and vocabulary support in Social Studies content for both ELLs and native speakers of English.
- **Content Vocabulary Workout** (Grades 6–8) accelerates reading comprehension through focused vocabulary development. Social Studies content vocabulary comes from the glossaries of Glencoe's Middle School Social Studies texts.

## KEY Teacher Wraparound

Use this key to help you identify the different types of prompts found in the Teacher Wraparound Edition.

**R** **Reading Strategies** activities help you teach reading skills and vocabulary.

**C** **Critical Thinking** strategies help students apply and extend what they have learned.

**D** **Differentiated Instruction** activities provide instruction for students learning to speak English, along with suggestions for teaching various types of learners.

**S** **Skill Practice** strategies help students practice historical analysis and geography skills.

**W** **Writing Support** activities provide writing opportunities to help students comprehend the text.

Teaching strategies and activities have been coded for ability level appropriateness.

**AL** Activities for students working above grade level

**OL** Activities for students working on grade level

**BL** Activities for students working below grade level

**ELL** Activities for English Language Learners



## Focus

### Why It Matters

**Ask:** What types of businesses do you patronize? What kind of business would you like to work in? Have you ever thought of starting your own business?

(Answers include: fast food restaurants, clothing stores, video stores, and so on. Students may want to work in a small family business or a large corporation. Encourage students to discuss business opportunities they wish to start.)

### More About the Photo

**Visual Literacy** Many people attend technical schools or college to get a job such as the one pictured. Some businesses require that employees have college degrees. Presidents of large corporation, bankers, and managers typically have business degrees. There are also many family-run businesses that hire both a professional and a service staff. Whether you work in a family bakery, a small office, or a large chain department store, employees have rights. When unions are available, employees often join them in order to protect their jobs and wages.

## Teach

### BIG Ideas

As you begin teaching each section, use these questions and activities to help students focus on the Big Ideas.

### Section 1

**Types of Businesses** **Ask:** How many types of businesses can you name?

(Answers may include a family-owned business, such as a local restaurant; a small business, such as a law firm; and a large corporation, such as a supermarket chain.)

# Business and Labor



### Why It Matters

Businesses and labor organizations play a major role in our nation and communities. They work separately, as well as together, to make people's lives better by keeping the economy as healthy as possible.

Explain that Section 1 provides an overview of three basic types of businesses and reviews the advantages and disadvantages of each type. **OL**

### Section 2

**The American Labor Force** **Ask:** What do you know about labor unions? (Answers will vary. Some students may point out that unions protect workers. Others may state that unions are not needed in today's marketplace.) Point out that some companies require union membership. Tell students that they will learn about unions and membership requirements in Section 2. **OL**

# BIG Ideas

## Section 1: Types of Businesses

**Market economies rest upon the fundamental principle of individual freedom for consumers, producers, and workers.** The three basic types of business organizations in the United States are sole proprietorship, partnership, and corporation.

## Section 2: The American Labor Force

**Market economies rest upon the fundamental principle of individual freedom for consumers, producers, and workers.** Labor unions represent about 14 percent of U.S. workers and play an important role in the nation's economy and political life. They negotiate wages and workplace agreements with management.

## Section 3: Businesses in Our Economy

**Market economies rest upon the fundamental principle of individual freedom for consumers, producers, and workers.** Businesses play many different roles in our economy, including that of consumer, employer, and producer. Businesses also have responsibilities to their consumers, owners, employees, and communities.

### FOLDABLES<sup>TM</sup> Study Organizer

### Dinah Zike's Foldables

**Purpose** This Foldable allows students to write summaries and review what they know about business and labor. The completed Foldable uses pockets to store note cards in which students can compare the differences and similarities between business and labor practices. **OL**

More Foldables activities for this chapter can be found in the *Dinah Zike's Reading and Study Skills Foldables* ancillary.

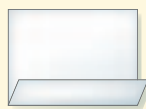
### Civics ONLINE

Introduce students to chapter content and key terms by having them access the **Chapter Overview** at [glencoe.com](http://glencoe.com).

### FOLDABLES<sup>TM</sup> Study Organizer

**Comparing Information Study Foldable** Make the following Foldable to help you compare the differences and similarities between business and labor practices.

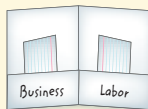
**Step 1** Fold a two inch tab along the long edge of a sheet of paper.



**Step 2** Fold the paper in half so the tab is on the inside.



**Step 3** Open the paper pocket Foldable and glue or staple the edges together. Store note cards in the pockets.



### Reading and Writing

As you read the chapter, collect information about business and labor practices. Write a summary paragraph about each using your note cards.

Technician works on jet engine compressor

## Section 3

**Businesses in Our Economy Ask: Who protects the consumer?** (Students may answer that the government protects the consumer. Others may suggest that the buyer must beware: it is up to the consumer to protect himself or herself.) Tell students that in Section 3, they will learn how businesses have many responsibilities, not just to the consumer, but to the community. **OL**

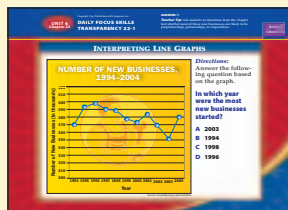


# Focus



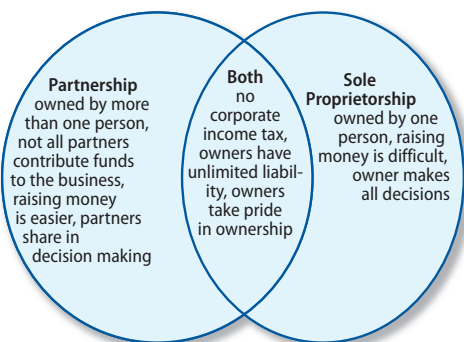
## Bellringer

Daily Focus Transparency 22-1



## Guide to Reading

Answers to Graphic:



## Section Spotlight Video

To learn more about types of businesses, have students watch the Section Spotlight Video for this section.

## Resource Manager

## Guide to Reading

### Big Idea

Market economies rest upon the fundamental principle of individual freedom for consumers, producers, and workers.

### Content Vocabulary

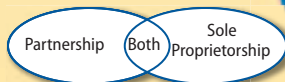
- sole proprietorship (p. 601)
- financial capital (p. 601)
- partnership (p. 602)
- articles of partnership (p. 602)
- corporation (p. 603)
- charter (p. 604)
- stock (p. 604)
- stockholder (p. 604)
- board of directors (p. 604)
- cooperative (p. 606)

### Academic Vocabulary

- sole (p. 601)
- consult (p. 601)
- clarify (p. 602)

### Reading Strategy

**Organizing** Create a diagram like the one below, then analyze the similarities and differences between partnerships and sole proprietorships. Where the ovals overlap, write the characteristics that both share.



# Types of Businesses

**Real World Economics** Small businesses are very important to the American economy and employ thousands of young people. Many teens, such as this girl who works in a small market, put in hours on the job after school and on weekends. Without these workers, small businesses could not survive. Support also comes from the U.S. Small Business Administration (SBA). It has been guaranteeing loans to businesses that are high-risk, not traditional, or are competing with much larger competitors.

▼ New York teen works after school in neighborhood market



R Reading Strategies	C Critical Thinking	D Differentiated Instruction	W Writing Support	S Skill Practice
<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Analyzing Text Structure, p. 601</li> <li>• Identifying, p. 602</li> <li>• Inferring, p. 605</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Cont. Vocab., URB p. 111</li> <li>• Ac. Vocab., URB p. 113</li> <li>• Foldables, p. 93</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Evaluating, p. 601</li> <li>• Making Inferences, p. 602</li> <li>• Drawing Conclusions, p. 603</li> <li>• Speculating, p. 603</li> <li>• Determining Cause and Effect, p. 605</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Crit. Think., URB p. 119</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• English Learners, p. 602</li> <li>• Verbal/Linguistic, p. 604</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Reteach. Act., URB p. 127</li> <li>• Teacher's Guide to Diff. Instr., p. 28</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Expository Writing, p. 606</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Cit./Dec. Making, URB p. 3</li> <li>• Writing Skills Act., URB p. 117</li> <li>• Authentic Assessment, p. 26</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Interpreting a Graph, p. 601</li> <li>• Interpreting a Chart, p. 604</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Daily Focus Trans., 22-1</li> <li>• Stan. Test, p. 43</li> </ul>

# Proprietorships

**Main Idea** The most common, and simplest, form of business organization in the United States is the sole proprietorship.

**Economics & You** What kind of business could you start right now? Read to find out how you would organize that business.

There are three main kinds of business organizations in the economy today—the sole proprietorship, the partnership, and the corporation. Each offers its owners important advantages and disadvantages.

The most common form of business organization in the United States is the **sole proprietorship**, or simply, proprietorship—a business owned and operated by a **sole**, or single person. You have seen such businesses in your neighborhood—beauty salons, cleaners, and pizza restaurants.

Have you ever earned money mowing lawns or babysitting? If so, you were a sole

proprietor. Important advantages of sole proprietorships are that the proprietor has full pride in owning the business and receives all the profits. The proprietor can make decisions quickly, without having to **consult**, or check with, a co-owner or boss.

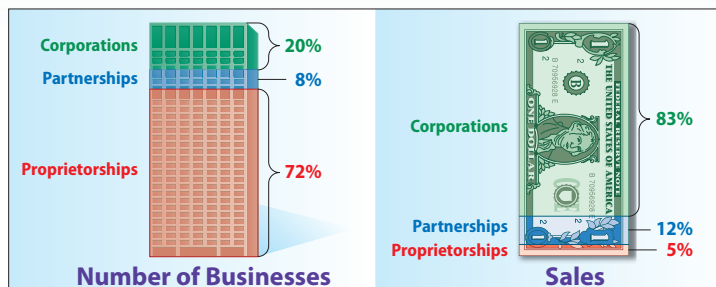
The biggest disadvantage is that the proprietor has unlimited liability, or complete legal responsibility for all debts and damages arising from doing business. If the business has debts, the owner's personal assets, such as houses, cars, and jewelry, may be seized to pay the debts.

Sole proprietors also find it difficult to raise **financial capital**—the money needed to run a business or enable it to grow larger. Another disadvantage is the difficulty of attracting qualified employees. Many high school and college graduates are more likely to be attracted to positions with larger firms that can offer better benefits—paid vacations, sick leave, and health and medical insurance.

**Reading Check Identifying** Who makes the decisions in a sole proprietorship?

## Forms of Business Organization

Graphs in Motion  
See StudentWorks™ Plus or glencoe.com.



Source: U.S. Census Bureau; Statistical Abstract of the United States, 2006.

### Analyzing Graphs

- Identifying** What percentage of businesses are proprietorships?
- Analyzing** Which business organization accounts for the largest amount of sales?

Chapter 22 601

## Reading Strategy

**Analyzing Text Structure** Tell students that the first paragraph shows the organization of the section. The heads describe the structure of each business type and list the advantages and disadvantages of each. Ask students to make a list of advantages and disadvantages of each business type. **OL**

## Critical Thinking

**Evaluating Ask:** Do you think the advantages of a sole proprietorship outweigh the disadvantages? Why or why not? (Possible answers: Owning a business and being your own boss is worth the risk. Others may feel that sole proprietorship is too risky, regardless of having complete control.) **AL**

## Skill Practice

**Interpreting a Graph** Have students look at the graph. **Ask:** Are partnerships a popular form of business? (No. Partnerships make up 8 percent of businesses.) **OL**

**Reading Check Answer:** the owner

### Analyzing Graphs

**Answers:**

- 72 percent
- corporations

## Additional Support

### Teacher Tip

This activity requires students to interview local business owners. Discuss the importance of making an appointment, writing a list of questions before the interview, being on time, and thanking the business owner for his or her time.

## Activity: Interdisciplinary Connection

**Language Arts** Discuss with students that opening a business requires a lot of work. Make a list of sole proprietorships in your community. Group students together and have each group choose one proprietorship. Have students interview owners to find out what kind of business plans they created before they decided to go into business.

Remind students that some businesses are family-owned and have been passed down from generation to generation. In such cases, have students interview current owners to discover the pros and cons of running a family business. Have members of each group present their findings to the class in the form of a business article. **OL**



## C Critical Thinking

**Making Inferences** Ask: **Why should business partners prepare legal ownership documents?** (The documents are a contract. They protect all parties. Legal documents will stand up in a court of law, but a handshake or verbal agreement will not.) **OL**

## R Reading Strategy

**Identifying** Ask: **In which kind of partnership do the partners share the work and responsibility?** (a general partnership) **BL**

## D Differentiated Instruction

**English Learners** Point out that the caption identifies the grocery shown in the photograph as a *bodega*. Ask students to define that word and to identify the language from which it comes. (Spanish) Encourage speakers of languages other than Spanish or English to give the word for store or shop in their own languages. **ELL**

**Caption Answer:** The owner can share expenses and the workload with someone else.

## Differentiated Instruction

WRITING SKILLS ACTIVITY 22

**Identifying a Sequence of Activities**

**Learning the Skill**

In your classes, you may be asked to explain a process, such as how a bill becomes a law. At home, you may be asked to explain how to back up a DVD player to a television set. To explain a process, you need to list, in order, the sequence of activities or steps necessary to achieve the desired result. This type of writing is often referred to as technical writing.

**Follow these steps when writing a technical document:**

- Consider the process or activity you are describing.
- List, in order, the steps needed to accomplish the process. You may want to number the steps.
- Review what you have written. Verify that the steps are presented in the correct order and that no information has been left out.
- Make any revisions necessary to finalize your document.

**Practicing the Skill**

**Directions:** Review the sequence chart. Then, answer the following questions to the space provided.

How to Organize a Corporation	
1. Obtain a charter, a government document granting permission to organize. The charter contains the name, purpose, address, and other business features such as the amount of stock that will be issued.	
2. Use the money received from selling stock to set up and run the business.	
3. Hire the board of directors.	
4. Hire the president.	
5. Hire the secretary.	

1. Which step below belongs in space 1? \_\_\_\_\_

2. Which step below belongs in space 2? \_\_\_\_\_

3. Which step below belongs in space 3? \_\_\_\_\_

A. Hire the board of directors to run the corporation on a daily basis.

B. Sell the stock to stockholders, who will become the owners of the corporation.

C. Have the stockholders elect a board of directors to act on their behalf.

Writing Skills Activity 22, URB pp. 117–118

## Partnerships

**Main Idea** A partnership is a business owned by two or more people.

**Economics & You** Can you think of someone with whom you would be willing to go into business? Read to find out more about this type of organization.

Suppose you are a proprietor, and your workload increases so much that you have little time to do anything else. You could expand your business by hiring an employee. However, you also need money to buy new equipment, and you would rather not take out a loan. You decide to take on a partner.

The best solution is to look for someone who can keep books, order supplies, handle customers, and invest in the business. You offer to form a **partnership**, a business that two or more people own and operate.

## Structure

When you start the business, you and your partner draw up a legal agreement called **articles of partnership**. This document identifies how much money each of you will contribute and what role each partner will play in the business. It **clarifies**, or spells out, how you will share profits or losses. Finally, the document describes how to add or remove partners, or even how to break up the business if you want to close it down.

**Kinds of Partnerships** There are two kinds of partnerships. The most common form of partnership is a *general* partnership, one in which all partners are responsible for the management and financial obligations of the business. In a *limited* partnership, at least one partner is not active in the daily running of the business, although he or she may have contributed funds to finance the operation.

**Partnerships** Many small businesses like this New York City bodega are owned by more than one person. **Analyzing** Why would a business owner want to share ownership?



602

## Identifying Sequence of Activities

**Objective:** To put steps in sequential order

**Focus:** Students list steps to organizing a corporation and starting a business.

**Teach:** Discuss how corporations and other businesses are started.

**Assess:** Check that students have listed steps in the correct order.

**Close:** Create a class flow chart that illustrates the steps to starting a partnership.

## Differentiated Instruction Strategies

**BL** Explain why initial research is important when starting a business.

**AL** Make a list of sub-steps for three of the major steps for starting a proprietorship.

**ELL** Write three steps you might take if you were going to hire a manager for your business.

**Advantages** Much like sole proprietorships, an advantage of partnerships is the pride of sharing ownership in a business. Partnerships also overcome some disadvantages of a proprietorship. Because there are multiple owners, partnerships can usually raise more money. If money cannot be borrowed, the partners can always take in new partners to provide funds. Like sole proprietors, partners pay no corporate income tax.

Another advantage of partnerships is that each owner often brings special talent to the business. If, for example, one partner in an advertising agency is better at public relations and another is better at artwork, each can work at the tasks for which he or she is most capable. The ad agency then has a better chance of succeeding than if only one person ran it.

Another advantage of a partnership is the slightly larger size, which often makes for more efficient operations. In some areas, such as medicine and law, a relatively small firm with three or four partners may be just the right size for the market. Other partnerships, such as accounting firms, may have hundreds of partners offering services throughout the United States.

**Disadvantages** One disadvantage of the partnership is that the legal structure is complex. When a partner is added or removed, a new agreement has to be made.

The main disadvantage is that the owners have unlimited liability. This means that each owner is fully responsible for all the debts of the partnership. Suppose that you and four others form an equal partnership. The articles of partnership state that you own one-fifth of the business and have the right to one-fifth of its profits. Suppose, though, that someone was injured by the company and sued for damages. If the other owners cannot pay, you could be required to pay 100 percent of the damages.

**Reading Check** **Describing** What is the main disadvantage of a partnership?

## Corporations

**Main Idea** The corporation is a business recognized by law and is the most complicated of the three main types of business.

**Economics & You** Think of a big company whose name you see everywhere. Chances are, it is organized in the manner you are going to read about.

The **corporation** is an organized business recognized by law that has many of the rights and responsibilities of an individual.

**Successful Corporation** Yahoo!'s corporate headquarters in California often holds meetings with the board of directors of this fast-growing Web provider.  
**Explaining** What is the role of a board of directors?



### C<sub>1</sub> Critical Thinking

**Drawing Conclusions** **Ask:** How can adding more partners be an advantage to a business? (Partnerships can raise more money—all partners contribute a percentage. The workload can be shared and everyone can have more time off. Each partner may contribute different skills, perspectives, and ideas that can help the business prosper.) **AL**

### C<sub>2</sub> Critical Thinking

**Speculating** **Ask:** How might the members of a partnership protect themselves from becoming solely responsible for some financial liability, such as a lawsuit against the company? (Students may state that partners might prepare some legal document that outlines the financial responsibilities of each partner in case of a lawsuit or other unexpected debt.) **OL**

**Reading Check** **Answer:** Each owner is fully responsible for all the debts of the partnership.

**Caption Answer:** to hire managers who run the daily operations of the corporation

## Additional Support

### Activity: Technology Connection

**Exploring Partnerships** Discuss that many well-known businesses started out as small partnerships. Assign groups of three to work as partners in a business. The partnership will decide on a product to sell, such as a new food product or a vehicle. Explain that each partner in a group is responsible for creating a presentation to describe their

choice. Presentations should cover (1) the name of the product, how many to make, and the cost per item; (2) a business name, logo, or banner; and (3) advertising plans. Encourage students to search the Internet for ideas from other companies to apply to their new businesses. **OL**



## S Skill Practice

**Interpreting a Chart** Explain to students what the chain of command in a corporation involves. **Ask:** How many people report directly to the president of the corporation? (three—the VP of sales, the VP of production, and the VP of finance.) **BL**

## D Differentiated Instruction

**Verbal/Linguistic** Have partners write questions and answers on note cards about the advantages and disadvantages of partnerships and corporations. Collect their cards. Organize the class into two teams and have teams answer the questions. **OL**

### Analyzing Charts

#### Answers:

1. the vice president of production
2. the stockholders

### Civics ONLINE

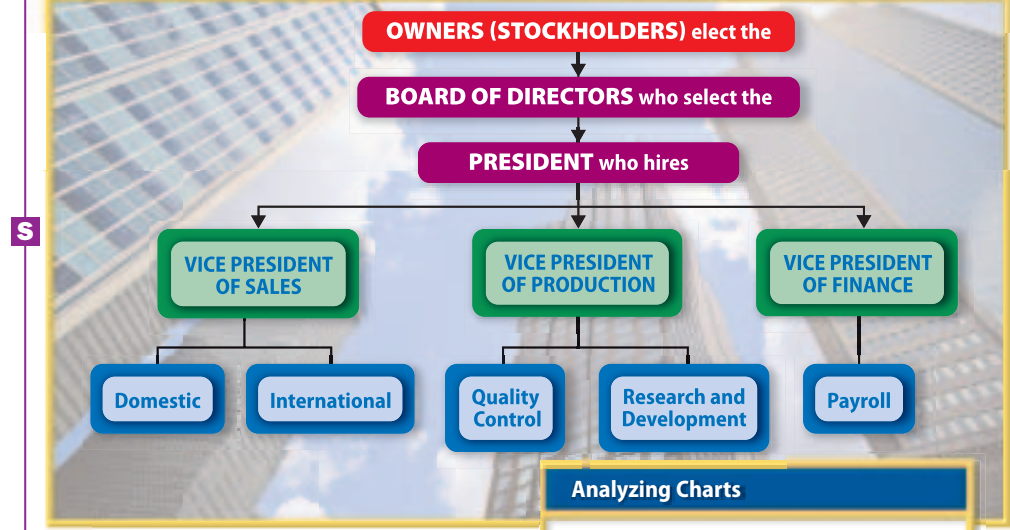
Objectives and answers to the **Student Web Activity** can be found at [glencoe.com](http://glencoe.com) under the Web Activity Lesson Plan for this chapter.

## Hands-On Chapter Project Step 1

## Taking Stock of American Corporations

**Step 1: Researching the New York Stock Exchange** Students will research several American corporations sold on the New York Stock Exchange (NYSE) and create a financial picture to assess profitability and overall business practices.

### Corporate Chain of Command



#### Analyzing Charts

1. **Identifying** To whom does the Director of Quality Control report?
2. **Analyzing** If the board of directors needed to raise capital, to whom would it appeal?

In fact, a corporation can do anything a person can do—own property, pay taxes, sue or be sued—except vote. One-fifth of all businesses are corporations.

### Structure

Someone who wants to start a corporation must get a **charter**—a government document granting permission to organize. The charter includes the name, purpose, address, and other features of the business. The charter also specifies the amount of **stock**, or ownership shares of the corporation, that will be issued. The people who buy this stock—the **stockholders**—become part owners of the corporation. The corporation uses the money received from selling the stock to set up and run the business.

### Civics ONLINE

**Student Web Activity** Visit [glencoe.com](http://glencoe.com) and complete the Chapter 22 Web Activity.

The stockholders elect a **board of directors** to act on their behalf. The board hires managers to run the corporation on a daily basis. The chart above shows the relationship of these groups. As you can see, the business owners and the managers of a corporation are different groups of people.

**Advantages** The first advantage of the corporation is the ease of raising financial capital. If it needs additional money to expand, for example, the corporation can sell new shares of stock. Corporations also find it easier than the other types of businesses to borrow large sums of money.

The second advantage results from the ease of raising capital. This allows corporations to grow to be huge. Today's large corporations employ thousands of workers and carry out business around the world.

**Directions** Organize the class into small groups. Each group will research corporations for which stocks are sold on the NASDAQ and the NYSE. Students can find several Internet sites that evaluate companies. Upon close review, each group will decide on four NASDAQ and four other NYSE companies to research more thoroughly. Groups should collect or print out

financial reports or inquire about a prospectus for each of the eight companies they choose. These reports will be used to create a poster in Section 3. **OL**

(Project continued in Section 2)



**The Largest Corporations** A recent study found that some corporations are bigger than the economies of many countries. Of the world's largest 150 economic entities, 95 are corporations, according to data released in 2005 by *Fortune* magazine and the World Bank. The ranking is based on corporations by revenue and countries by GDP. Wal-Mart is the world's largest corporation and ranks number 22. Other high ranking corporations are BP at 23, Exxon Mobil at 24, and General Motors at 33. Each of these corporations was larger than the domestic economies of Finland (34th), Ireland (35th), and Argentina (48th).

A third advantage of corporations is that the board of directors can hire professional managers to run the business. Many corporations hire professional managers. If those managers do not succeed, the board can replace them.

A fourth advantage is that ownership of the corporation can be easily transferred. If you own shares in one corporation and would rather have shares in another, you simply sell the first stock and buy the second.

A final advantage of the corporation is limited liability. Only the corporation, not its owners, is responsible for the debts of the corporation. For instance, if you paid \$1,000 for stock in a corporation that later went bankrupt, you would lose your \$1,000 investment—but no more than that. Unlike the proprietorship or the partnership, you would not be liable for the company's debts.

**Disadvantages** Corporations have their disadvantages as well. First, they often are expensive and complex to set up. In addition, the business owners have very little say in the management of the business. Millions of people own the shares of major corporations, but it is difficult for them to unite to force the managers to act in a particular way.

Third, corporations are subject to more regulation by government than the other forms of business. They must release certain reports on a regular basis. These reports give detailed financial information about the company. The reports are designed to keep potential and current shareholders informed about the state of the business.

**Profit Sharing** This assembly worker at Ford Motor Company may also be a stockholder in the corporation. **Explaining** How are the funds raised by stock used?



605

## C Critical Thinking

**Determining Cause and Effect** **Ask:** How do you think rich and powerful corporations affect the American economy? (Possible answers: Such corporations can help keep the prices down, allowing all Americans to buy goods at reasonable prices. However, when they lose money, their losses affect everyone. Prices go up, jobs are lost, and personal incomes decrease. Some students may point out that when rich and powerful corporations donate money to political campaigns, they threaten the democratic process.) **AL**

## R Reading Strategy

**Inferring** **Ask:** Why do you think the U.S. government regulates corporations more strictly than it does partnerships or proprietorships? (Corporations are very large and therefore very powerful. The government wants to regulate them and watch over them, making sure they comply with the law. In addition, the government receives twice the amount of taxes from corporations, making corporations a target for close review.) **OL**

**Caption Answer:** The funds are used to set up and run the business.

## Differentiated Instruction

### Leveled Activities

#### BL Guided Reading Activity 22-1, URB p. 129

**GUIDED READING ACTIVITY 22-1**

**Types of Businesses**

Read the paragraph and answer the questions that follow. Write your answers in the spaces provided.

1. **Identifying** What is a sole proprietorship?

2. **Explaining** Why is unlimited liability a disadvantage for a sole proprietor?

3. **Defining** What is a partnership?

4. **Summarizing** What are the advantages of a partnership?

5. **Identifying** Which business form is responsible for the most U.S. employment?

6. **Explaining** How are corporations subject to double taxation?

#### OL Writing Skills Activity 22, URB pp. 117–118

**WRITING SKILLS ACTIVITY 22**

**Identifying a Sequence of Activities**

Read the paragraph and answer the questions that follow. Write your answers in the spaces provided.

1. **Identifying** What is a sole proprietorship?

2. **Explaining** Why is unlimited liability a disadvantage for a sole proprietor?

3. **Defining** What is a partnership?

4. **Summarizing** What are the advantages of a partnership?

5. **Identifying** Which business form is responsible for the most U.S. employment?

6. **Explaining** How are corporations subject to double taxation?

#### AL Cit./Decision-Making Activity 6, URB p. 3

**CITIZENSHIP AND DECISION-MAKING ACTIVITY 6**

**Entrepreneur and the Economy**

Read the paragraph and answer the questions that follow. Write your answers in the spaces provided.

1. **Identifying** What is a sole proprietorship?

2. **Explaining** Why is unlimited liability a disadvantage for a sole proprietor?

3. **Defining** What is a partnership?

4. **Summarizing** What are the advantages of a partnership?

5. **Identifying** Which business form is responsible for the most U.S. employment?

6. **Explaining** How are corporations subject to double taxation?

#### ELL Content Vocabulary Activity 22, URB p. 111

**CONTENT VOCABULARY ACTIVITY 22**

**Business and Labor**

Read the paragraph and answer the questions that follow. Write your answers in the spaces provided.

1. **Identifying** What is a sole proprietorship?

2. **Explaining** Why is unlimited liability a disadvantage for a sole proprietor?

3. **Defining** What is a partnership?

4. **Summarizing** What are the advantages of a partnership?

5. **Identifying** Which business form is responsible for the most U.S. employment?

6. **Explaining** How are corporations subject to double taxation?

## W Writing Support

**Expository Writing** Have students research a nonprofit organization and list the tax advantages the nonprofit organization has over a corporation. **AL**

**Reading Check** **Answer:** The stockholders must pay taxes on profits, and the corporation pays taxes on profits. This is money the business cannot use to reinvest. No one wants to pay taxes twice.

## Assess



**Study Central™** provides summaries, interactive games, and online graphic organizers to help students review content.

## Close

**Summarizing** Have students review the note cards they wrote for their Foldables. Have them write a brief summary that explains how different types of businesses are important to the American economy. **OL**

## Section 1 Review

Finally, stockholders are subject to double taxation, or paying taxes twice on corporate profits. First, the corporation pays a tax on its profits. Then, when the profits are distributed to the stockholders, the stockholders have to pay tax on those earnings. Because of double taxation, corporations are required to keep detailed records of sales and expenses so that it can compute and pay taxes on its profits. Sole proprietors and partners also must pay taxes on the profits they earn. However, proprietorships and partnerships do not pay a separate profit tax.

### Other Business Organizations

**W** Profit-seeking proprietorships, partnerships, and corporations are not the only types of business organizations. Other organizations operate on a “not-for-profit” basis. Examples of nonprofit institutions include churches, hospitals, and social service agencies.

**What Are Cooperatives?** Another example of a nonprofit organization is the **cooperative**, a voluntary association of people formed to carry on an economic activity that benefits its members. Consumer cooperatives buy bulk amounts of goods on behalf of their members. Members usually help keep the cost of the operation down by devoting several hours a week or month to the operation. Service cooperatives provide services, such as insurance and credit, rather than goods to their members.

Producers can also have cooperatives. A producer cooperative helps members promote or sell their products. For example, farmers cooperatives help members sell their crops directly to central markets or to companies that use the products.

**Reading Check** **Describing** Why is double taxation a disadvantage for corporations?

## Section 1 Review

### Vocabulary

- Define** these terms from the section and make a set of flash cards to help you learn them: *sole proprietorship, financial capital, partnership, articles of partnership, corporation, charter, stock, stockholder, board of directors, cooperative.*

### Main Ideas

- Explaining** Why is a proprietorship the easiest form of business to set up? What is the most complex form?
- Comparing** What are the advantages and disadvantages of forming a partnership?

### Critical Thinking

- Evaluating** If you were planning to open your own business, which form of business organization would you prefer—sole proprietorship, partnership, or corporation? Justify your answer.
- BIG Idea** On a chart similar to the one below, identify the advantages of the corporation.

Corporation Advantages

- Analyzing Visuals** Study the graphs on page 601. What can you conclude about the form of business having the largest number of organizations and sales generated by that form of business?

### Civics Activity

- Persuasive Writing** Write a paragraph either supporting or disagreeing with this statement: The sole proprietorship is the basis of U.S. business. Give reasons for your opinion.



**Study Central™** To review this section, go to [glencoe.com](http://glencoe.com).

## Answers

- Flash cards should use vocabulary words according to their definitions in the section and in the Glossary.
- It is easiest because it is a business owned and operated by a single person. The most complex form is the corporation, which involves many people and large amounts of money.
- Advantages: more people to invest money in the business, to share the workload, and to contribute skills. Disadvantages: complex legal structures; unlimited liability.

- Answers will vary. Preferences should be based on information from the text.

Corporation Advantages
Ease of raising capital
Limited liability
Professional management
Easily transferred ownership

- Proprietorships contribute the least amount of sales. It is easy to start a proprietorship, but profits are not large.
- Paragraphs should include a statement of position and supporting reasons.

## The Job Interview: First Impressions Count

**D** If your résumé is what opens the door to job opportunity, keep the door open by making a good first impression. Do your homework by researching information about the company before you arrive. Have specific job goals in mind. Then practice interviewing with a friend or relative.

On the day of the interview, plan to arrive early. Dress to impress—nothing flashy, just well-groomed clothes suitable to the job.

When you meet the interviewer, shake hands firmly. Address the person as Mr., Mrs., or Ms. unless told otherwise. Relax promptly and use good manners. Maintain eye contact throughout the interview, be enthusiastic, and answer questions clearly and honestly. Focus on the training or experience you can bring to the job. Ask questions about the organization and the position. Thank the interviewer when you leave, and as a follow-up, send a thank-you note.



### The company offered me the job. Now what?

- Take time to make your decision.
- Consider the salary and benefits of the job. If you have not already done so, research the job turnover of the company. High turnover might reveal employee dissatisfaction or a lack of job stability.
- Confirm the opportunities open to you, such as chances for advancement or additional training.
- Create a balance sheet weighing the pros and cons of the job. If the pros outweigh the cons, take a deep breath and jump into the job market. You are on the way to building your career!

### Analyzing Economics

1. **Summarizing** What can you do to prepare for a job interview?
2. **Hypothesizing** What should you do if an employer asks you a question you cannot answer? Explain.

Chapter 22 607

## Activity: Collaborative Learning

**Preparing for an Interview** Encourage students to discuss the interviewing process. Have them make a list of concerns students have about the process. Explain that they are going to role-play interviews for jobs. Students will take turns acting as the interviewer and the person being interviewed. Have students choose a job they

would like to get, perhaps one that is in your local newspaper. Provide a list of questions for the interviewers. Set a date and have students dress for an interview and bring in their résumés. Ask students to give each other feedback as to their behavior as job applicants. **OL**

## Teach

### W Writing Support

**Expository Writing** Have students write a résumé. If students have a résumé already, ask them to update the information and revise it. Encourage students with no work experience to focus on school achievements and participation in clubs or sports. Students may also describe skills they have, such as using various software programs or repairing equipment. **OL**

### D Differentiated Instruction

**Interpersonal** Have students make a list of different businesses in which they would like to work. Have them research the business and create a “snapshot” of the company. **OL**

### Analyzing Economics

#### Answers:

1. research information about the company, be prepared for the interview by dressing appropriately, be on time, act confident, be courteous
2. State that you do not know the answer but will research the question.

## Additional Support

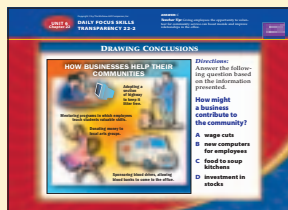


## Focus



### Bellringer

Daily Focus Transparency 22–2



### Guide to Reading

Answers to Graphic:



### Section Spotlight Video

To learn more about the American labor force, have students watch the Section Spotlight Video for this section.

### Resource Manager

### Guide to Reading

#### Big Idea

Market economies rest upon the fundamental principle of individual freedom for consumers, producers, and workers.

#### Content Vocabulary

- labor union (p. 609)
- right-to-work law (p. 610)
- collective bargaining (p. 611)
- mediation (p. 611)
- arbitration (p. 611)
- strike (p. 612)
- boycott (p. 612)

#### Academic Vocabulary

- comprise (p. 609)
- technique (p. 611)
- option (p. 611)

#### Reading Strategy

**Organizing** As you read the section, complete a diagram like the one below that shows the goals of collective bargaining.



## The American Labor Force

**Real World Economics** Since the first immigrants came to America and formed a huge labor force, unions have played a part in American industry. These AFL-CIO members are raising their voices in Pittsburgh to draw attention to national union issues. Unions represent more than 15 million workers in the United States and offer a powerful voice for workers to negotiate for better wages and working conditions. Some economists believe that unions are good for the economy, as they produce members who are better trained and stay on the job longer than employees who are not union members.

▼ Union members showing support at a labor rally



R Reading Strategies	C Critical Thinking	D Differentiated Instruction	W Writing Support	S Skill Practice
<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Identifying, pp. 609, 611</li> <li>• Summarizing, p. 610</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Pri. Source Read., URB p. 17</li> <li>• Cont. Vocab., URB p. 111</li> <li>• Ac. Vocab., URB p. 113</li> <li>• Foldables, p. 93</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Contrasting, p. 611</li> <li>• Ident. Cent. Issues, p. 612</li> <li>• Det. Cause/Effect, p. 612</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Crit. Think., URB p. 119</li> <li>• Quizzes and Tests, p. 261</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Logical/Math., p. 609</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• School-to-Home Conn., URB p. 125</li> <li>• Teacher's Guide to Diff. Instr., p. 28</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Descriptive Writing, p. 613</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>• Using Geo. Skills, p. 610</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>• Chart, Graph, and Map Skills, URB p. 121</li> <li>• Daily Focus Trans., 22–2</li> <li>• Pol. Cartoons Trans. 22</li> </ul>

# Teach

## D Differentiated Instruction

**Logical/Mathematical** Have students use the 2006 statistics about the labor force to determine approximately how many workers belong to unions. (*approximately 21 million workers*) **OL**

## R Reading Strategy

**Identifying** Have students list the different types of unions. (*craft or trade unions, industrial unions*) **Ask:** Do teachers who join unions belong to a trade union or an industrial union? (*trade union*) **OL**

# TIME Political Cartoons

## Answers:

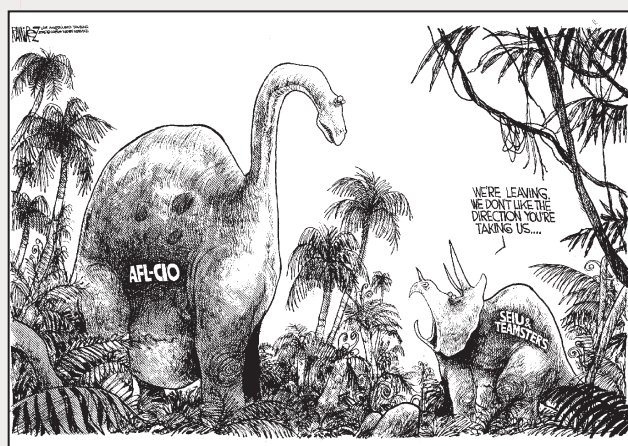
1. dinosaurs
2. Dinosaurs are extinct. He wants to show that unions are dying out.
3. No. Students may say that because Ramirez identifies the SEIU as a dinosaur as well, he does not think it will be any different than the AFL-CIO. Ramirez's cartoon indicates he thinks that unions are no longer effective.

## Differentiated Instruction

## Differentiated Instruction Strategies

- BL** List three reasons why farm workers would want to join the UFW.
- AL** Why are unions such as the UFW still necessary in today's work environment? Write an essay that explains your reasoning.
- ELL** Write a short statement that explains the purpose of the UFW.

# TIME Political Cartoons



Michael Ramirez/Copley News Service

This cartoon, by Michael Ramirez, makes a statement about unions in the United States.

1. What animals does Ramirez use to represent unions?
2. Why do you think he selected these symbols?
3. Do you think Ramirez believes the SEIU and Teamsters' decision to break away from the AFL-CIO will be effective? Explain.

## Organized Labor

**Main Idea** Labor unions play an important role in the nation's economy and political life.

**Economics & You** Do you think people working together have a greater chance of success than individuals? Read to find out how American workers put this idea into action.

The population of the United States by October 2006 was approximately 300 million people. Slightly more than half, or about 151 million, belonged to the civilian labor force—men and women 16 years old and over who are either working or actively looking for a job.

Some workers choose to organize. They form **labor unions**, groups of workers who band together to have a better chance to obtain higher pay and better working conditions. Only about 14 percent of American workers belong to unions. The percentage

of U.S. workers who are union members has fallen since the 1980s. One of the major reasons for the decrease is the shift from a manufacturing to a service economy. Still, unions play an important role in the nation's economy and political life.

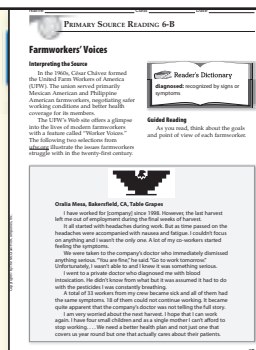
## Types of Unions

There are two types of unions. Workers who perform the same skills join together in a craft or trade union, such as a printers' union. Industrial unions bring together different types of workers from the same industry. An example is the United Auto Workers. In the past, unions were formed mainly by workers in industry. Today, though, people in jobs as different as airline workers, teachers, and professional athletes join unions.

**Local Unions** A local union is comprised of, or includes, the members of a union in a factory, company, or geographic area. Unions that also have members in Canada or Mexico are often called international unions.

## Farm Workers' Voices

- Objective:** To identify situations in which workers have benefited from unions
- Focus:** Students read factual accounts of mistreatment of workers.
- Teach:** Discuss different kinds of work environments and rights of workers in each.
- Assess:** List how people can make their work environments safer.
- Close:** Create a class list of what students expect from future employers.



Primary Source Reading 6-B, URB pp. 17-18



## S Skill Practice

**Using Geography Skills** Remind students that states without right-to-work laws have a greater union influence. Have students identify regions in which union influence is the strongest. (*the northeastern and west coast states*) **Ask:** *Why do workers in these regions require union membership?* (*northeastern states are more industrial; west coast states have many dockworkers and farm workers.*) **OL**

## R Reading Strategy

**Summarizing** Have students label three columns: closed shops, union shop, modified union shop. Have students list requirements next to each union arrangement. (*closed shop: mandatory to join union before hiring; union shop: mandatory to join after working; modified union shop: membership optional*) **OL**

### Analyzing Maps

#### Answers:

- 22
- Answers will vary. Students may prefer the right to choose to join a union; others may not.

**Reading Check** Answer: Yes

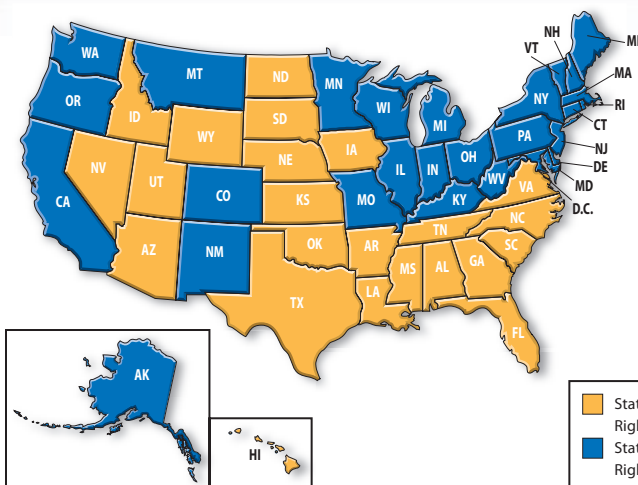
## Hands-On Chapter Project Step 2

## Taking Stock of American Corporations

**Step 2: Forming Unions in Corporations** Students will research their chosen companies from Step 1 to determine which require union memberships and which do not have unions.

### Right-to-Work States

Maps in Motion  
See StudentWorks™ Plus or glencoe.com.



Detroit teen serves up ice cream

States with  
Right-to-Work Laws  
States without  
Right-to-Work Laws

Source: National Right-to-Work Foundation.

### Analyzing Maps

- Identifying** How many states have right-to-work laws?
- Speculating** If you could choose, would you want to live in a state with or without right-to-work laws? Why?

**National Unions** Above the locals are the national unions. These organizations are the individual craft or industrial unions that represent locals on a nationwide level. The American Federation of Labor-Congress of Industrial Organizations, or AFL-CIO, is a national union. The federation represents more than 13 million working men and women nationwide.

### Union Arrangements

Before they were declared illegal in 1947, closed shops were one kind of union arrangement. In closed shops, a worker had to first join a union in order to be hired by a company. A common arrangement today is the

union shop, which allows companies to hire anyone as long as they join the union shortly after they begin working.

However, 22 states have passed **right-to-work laws**, which prevent mandatory union membership required by the union shop. This led to the modified union shop, which does not require a worker to join a union to be hired or keep the job. Workers must, however, remain in the union if they decide to join. Finally, the agency shop requires workers to pay a fee to the union for representing them even if they do not join the union.

A union cannot be brought into a workplace unless a majority of the workers votes in favor of it. A federal government agency, the National Labor Relations Board (NLRB), makes sure that these union elections are carried out fairly and honestly.

**Reading Check Summarizing** Is the union shop illegal in right-to-work states? Explain.

**Directions** Write the Big Idea on the board. Have each group research the eight companies they chose in Step 1 to find out which companies have unions. For those companies with unions, ask students to review recent labor-management conflicts and document how they were resolved. For those companies without unions, have stu-

dents research the kind of benefits that are offered to workers. Have students keep the results to add to the posters they will create in Step 3. **OL**

(Project continued in Section 3)



## Negotiations

**Main Idea** Labor and management negotiate workplace agreements.

**Economics & You** Have you ever had a third person help you and a friend reach a compromise? Read to find out how labor and management use this method.

Once workers choose to be represented by a union, the union carries out **collective bargaining** for them. Officials from the union and the company meet to discuss the workers' new contract. The negotiations focus on wages and benefits, including health care, holidays, working conditions, and procedures for changing rules.

## Getting Outside Help

If the parties cannot agree on the terms for the new contract, they have different **options**, or choices. They might try **mediation**, in which they bring in a third party who tries to help them reach a compromise agreement. In some cases, the two sides choose **arbitration**. A third party listens to both sides, then decides how to settle the disagreement. Both parties agree in advance to accept the arbitrator's decision.

## Labor-Management Conflict

Most contracts are settled at the bargaining table. Sometimes, however, negotiations break down. Unions and management use different **techniques**, or methods to pressure the other side to accept their positions.

## Reading Strategy

**Identifying Ask:** Who meets with management to discuss the workers' concerns? (union officials) **What topics do they discuss?** (wages, benefits, holidays, working conditions, rule changes) **OL**

## Critical Thinking

**Contrasting** Ask students to explain how mediation is different from arbitration. (In mediation, a third party helps both sides come to an agreement. It is a three-way conversation. In arbitration, the third party decides how to settle the dispute.) **OL**

# American Biography

## César Estrada Chávez (1927–1993)

**César Chávez** knew the suffering of farmworkers. He had labored in the fields since age 10, when his family lost their Arizona farm during the Great Depression. Like thousands of other farmers, the Chávez family became migrant workers, constantly moving to be near work. Chávez attended some 65 schools before dropping out at the end of eighth grade.



After serving in World War II, Chávez took a paid job with a Latino civil rights group to win greater rights for Mexican Americans. However, he could not forget the migrant workers. In 1962, with the support of his wife, Helen Fabela Chávez,

he returned to the fields and his dream of organizing farmworkers into a union.

In 1965, Chávez launched La Huelga—"the strike"—in which he battled the power of grape growers in the San Joaquin Valley. Chávez, who lived on a salary of \$5 a week, asked Americans to boycott grapes until growers signed union contracts. Some 17 million Americans stopped buying grapes, and industry profits tumbled. "For the first time," Chávez said, "the farmworker got some power." The power came in the form of the United Farm Workers, the first successful farmworkers union in the nation's history.

## Making a Difference

**Explaining** Chávez spent much of his life trying to help farmworkers. How did Chávez force grape growers to sign union contracts with farmworkers?

Chapter 22 611

# American Biography

**Answer:** He persuaded 17 million Americans to boycott grapes, causing profits for growers to fall.

## Differentiated Instruction

## Leveled Activities

**BL** Guided Reading Activity 22-2, URB p. 130

**OL** Diff. Instruction Activity 22, URB pp. 123–124

**AL** Chart/Graph/Map Act. 22, URB pp. 121–122

**ELL** Content Vocabulary Activity 22, URB p. 111

**GUIDED READING ACTIVITY 22-2**

**The American Labor Force**

Read the passage and answer the questions below. Use the information you need to answer the questions.

**Identifying Central Issues** What is the purpose of a labor union?

**Identifying** What are the two types of unions?

**Comparing** What is the difference between a closed shop and a union shop?

**Noting** What is the goal of collective bargaining?

**Identifying** What are two options for negotiation if your contract is not renewed?

**Identifying** What are two labor laws and one management tool used in bargaining on the other side?

**DIFFERENTIATED INSTRUCTION ACTIVITY 22**

**Employee Rights and Responsibilities**

The American Labor Force is divided into two categories: **union** and **nonunion**. Union members have the right to join a union and to participate in collective bargaining. Nonunion members do not have these rights. The National Labor Relations Board (NLRB) is responsible for enforcing labor laws. It can issue orders to employers to stop unfair labor practices. It can also order employers to bargain with union members. The NLRB can also order employers to pay back wages to union members who were fired for organizing a union.

**Identifying** What is the purpose of a labor union?

**Identifying** What are the two types of unions?

**Comparing** What is the difference between a closed shop and a union shop?

**Noting** What is the goal of collective bargaining?

**Identifying** What are two options for negotiation if your contract is not renewed?

**Identifying** What are two labor laws and one management tool used in bargaining on the other side?

**CHART, GRAPH, AND MAP SKILLS ACTIVITY 22**

**Creating a Pictograph**

Read the passage and create a pictograph to represent the data. Use the key to create the pictograph.

**Key:**

- 1 symbol = 100,000
- 2 symbols = 200,000
- 3 symbols = 300,000
- 4 symbols = 400,000
- 5 symbols = 500,000
- 6 symbols = 600,000
- 7 symbols = 700,000
- 8 symbols = 800,000
- 9 symbols = 900,000
- 10 symbols = 1,000,000

**Chart Data:**

Category	Value
Union members	1,000,000
Nonunion members	2,000,000
Total labor force	3,000,000

**Identifying** What is the purpose of a labor union?

**Identifying** What are the two types of unions?

**Comparing** What is the difference between a closed shop and a union shop?

**Noting** What is the goal of collective bargaining?

**Identifying** What are two options for negotiation if your contract is not renewed?

**Identifying** What are two labor laws and one management tool used in bargaining on the other side?

**CONTENT VOCABULARY ACTIVITY 22**

**Business and Labor**

Read the passage and identify the key terms. Use the key to create the vocabulary activity.

**Key:**

- 1 symbol = 100,000
- 2 symbols = 200,000
- 3 symbols = 300,000
- 4 symbols = 400,000
- 5 symbols = 500,000
- 6 symbols = 600,000
- 7 symbols = 700,000
- 8 symbols = 800,000
- 9 symbols = 900,000
- 10 symbols = 1,000,000

**Chart Data:**

Category	Value
Union members	1,000,000
Nonunion members	2,000,000
Total labor force	3,000,000

**Identifying** What is the purpose of a labor union?

**Identifying** What are the two types of unions?

**Comparing** What is the difference between a closed shop and a union shop?

**Noting** What is the goal of collective bargaining?

**Identifying** What are two options for negotiation if your contract is not renewed?

**Identifying** What are two labor laws and one management tool used in bargaining on the other side?

## C<sub>1</sub> Critical Thinking

**Identifying Central Issues** Ask: **What is the purpose of a strike?** (Workers in a union refuse to work, hoping that the business will shut down or lose money and give in to union demands.) **What is the purpose of a boycott?** (to persuade consumers not to buy the business's products so that the business will lose money and negotiate with union members) **OL**

## C<sub>2</sub> Critical Thinking

**Determining Cause and Effect** Ask: **When does management initiate a lockout?** (when workers go on strike) **What effect does a lockout have?** (Workers cannot work unless they agree to management's terms. Workers lose wages, which affects them more than when the business loses money.) **OL**

## Analyzing Graphs

### Answers:

- about 12 percent to 88 percent
- The trend decreased. In 1983, union membership was 20 percent. In 2004, it decreased to about 12 percent.

## Additional Support

**Labor Tools** Workers can call a **strike**, in which all workers in the union refuse to go to work. The workers hope that the business will have to shut down without any employees, forcing the company to accept the union's contract terms. Strikers usually walk up and down in front of their workplace carrying picket signs that state their disagreement with the company. Picketing is meant to discourage workers from crossing the picket line to work for the employer. It is also aimed at embarrassing the company and building public support for the strike. Unions can also encourage members and the public to **boycott**, or refuse to buy, the business's products.

Strikes can drag on for months and even years. After a long period of time, strikers sometimes become discouraged. Some may decide to go back to work without gaining

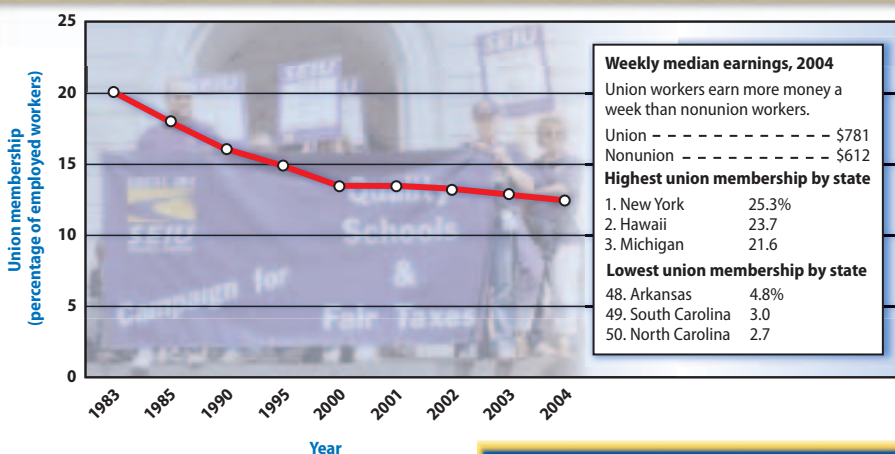
what they wanted. In most cases, however, strikes are settled as management and labor return to the negotiating table and work out an agreement.

**Management Tools** When faced with a strike by its workers, management has methods of its own to use against strikers. Its strongest tool is the lockout. In a lockout, the company prevents workers from entering its buildings until they accept its contract terms. The business hopes that the loss of income will convince workers to accept the company's position.

**Injunctions** Management sometimes requests a court injunction to limit picketing or to prevent a strike from continuing or even occurring. An injunction is a legal order of a court preventing some activity.

## Labor Union Trends

Graphs in Motion  
See StudentWorks™ Plus or [glencoe.com](http://glencoe.com).



Source: The Bureau of National Affairs.

## Analyzing Graphs

- Calculating** In 2004, what was the ratio of nonunion to union workers?
- Analyzing** Describe the trend in percentage of union workers from 1983 to 2004.

## Activity: U.S./World Connections

**Understanding a World Union** Discuss how the world economy has made world unions more popular. Have students research the Industrial Workers of the World Union on the Internet at [www.iww.org](http://www.iww.org). Have them create a bulletin board that lists the goals of the Industrial Workers of the World Union

and shows photographs of recent strikes, both in the U.S. and other parts of the world. The bulletin board might also include a list of companies in which the IWW is present and a short article that describes the effect the IWW has on the world market. **OL**

In the early days of the labor union movement, the courts had treated unions as illegal conspiracies. Union leaders were regularly prosecuted and sued for damages. Even up to the early 1900s, injunctions were used against labor unions to prevent strikes and some other activities. Because of the use of injunctions by employers during this period, labor unions found it very difficult to strike.

Both companies and unions may ask for an injunction. If issued against a union, the injunction may direct the union not to strike. If issued against a company, it may direct the company not to lock out its workers. In 1995, after professional baseball players ended their strike and went back to work, the owners promptly called a lockout. The players then went to court and got an injunction against the owners, and the 1995 baseball season began—without a labor agreement between the two sides.

**Seizure** Under extreme circumstances, the government may resort to seizure—a tem-

porary takeover of operations—to allow the government to negotiate with the union. This occurred in 1946, when the government seized the bituminous coal industry. The government felt the welfare of the entire country was at stake because of its need for coal. While operating the mines, government officials worked out a settlement with the miners' union.

### Public Employee Unions

An important development in the labor movement in the 1960s and 1970s was the growth in public employee union membership. A public employee union is a union whose members work for the local, state, or federal government. The American Federation of Government Employees (AFGE) is the largest federal employee union representing 600,000 workers.

**Reading Check** **Contrasting** What is the difference between a strike and a lockout?

## Writing Support

**Descriptive Writing** Distribute two or three articles about strikes from newspapers, online articles, or magazines. Have each student write a description of one of the labor/management conflicts, either from the point of view of a union member or management. Students should include several content vocabulary words. **OL**

**Reading Check** **Answer:** In a strike, workers refuse to work until their demands are met. In a lockout, the company prevents workers from working until they accept the offer.

## Assess



**Study Central™** provides summaries, interactive games, and online graphic organizers to help students review.

## Close

**Determining Cause and Effect** Have students work in small groups and create charts that show why union membership tends to be declining. **OL**

## Section Review

### Vocabulary

- Write** a true statement and a false statement for each of the following terms: *labor union, right-to-work law, collective bargaining, mediation, arbitration, strike, boycott*. Indicate which statements are true and which are false. Below each false statement explain why it is false.

### Main Ideas

- Comparing** What is the difference between a union closed shop and a union shop?
- Explaining** When is mediation used with labor unions? What are its goals?

### Critical Thinking

- Summarizing** How does a right-to-work law protect independent workers?
- BIG Ideas** Assume that you have been given the job of mediating a strike between the workers in a print shop and its management. On a diagram like the one below, identify three things you would want to know before you suggested a solution.

What I need to know		

### CITIZENSHIP Activity

- Persuasive Writing** Write a newspaper editorial supporting or opposing one of the following practices: closed shop, right-to-work laws, boycott, or lockout. Give reasons, and if possible, cite examples to support your position.



**Study Central™** To review this section, go to [glencoe.com](http://glencoe.com).

## Section 2 Review

## Answers

- Statements should use vocabulary words according to their definitions in the section and in the Glossary.
- In a union closed shop, workers have to join before they are hired. In a union shop, workers are hired with the understanding that they will join the union after they begin working.
- Mediation: union officials and management bring in a third party to help both sides make compromises so that an agreement can be reached.

- Workers cannot be required to join a union.
- Responses will vary.

What I need to know		
How much do the workers currently make?	How much do workers in print shops typically make in your area?	What kind of profits does the print shop make to accommodate a wage increase?

- Editorials should include an opinion about one of the topics listed and supported by reasons.



# Teach

## C Critical Thinking

**Recognizing Bias** Have students use the Internet to find out why the AFL-CIO supports a minimum wage increase. (*The AFL-CIO believes the economy is doing well and that the wealth should be passed along to the worker. They do not believe that people would lose jobs if the minimum wage is increased.*) Next, have students research the Heritage Foundation. **Ask:** *Why is Tim Kane against raising the minimum wage?* (*Kane is director of the Heritage Foundation, a conservative research institute. He states that raising the minimum wage would put poorly educated workers out of work.*) Have students debate the issue. Then have the class discuss which option seems most beneficial to the economy. **OL**

### Debating the Issue

#### Answers:

1. to set the rate of hourly income that employers must pay workers
2. 1938
3. workers who are paid hourly rather than those who earn a salary
4. Answers will vary.

## Additional Support

## Should Congress raise the minimum wage?

Minimum wage is a term that identifies the hourly income that employers must pay their workers. Congress established a minimum wage of 25 cents per hour in 1938. It applied only to those employees engaged in interstate commerce. Congress revised the law in 1961 and 1968, extending coverage to most workers. Every few years thereafter, Congress raised the rate. For many years, the minimum wage of \$5.15 remained unchanged. Some states passed higher minimum wage rates than the federal government. When a minimum wage issue appears on a state ballot, voters often approve it. Should Congress respond to the people's desire for a higher minimum wage?



Minimum wage jobs include retail and service jobs, such as poultry processing, fruit and vegetable picking, and restaurant service.

### YES

One reason that the minimum wage should be raised every few years is because inflation gradually erodes the wages of everyone. If the purpose of the minimum wage is to lift the earnings of low-wage workers, the delay in raising it defeats the original intent of the law. The AFL-CIO, a major labor union, reported, "If the minimum wage had just kept pace with inflation since 1968 when it was a \$1.60 an hour, minimum wage would have been \$8.88 (an hour) in 2005." Supporters believe that raising the minimum wage would help women and children, and also have a ripple effect throughout the whole economy, improving the purchasing power of consumers.

—AFL-CIO, 2006

### NO

The main argument against minimum wage laws is that raising minimum wages forces employers to dismiss low-productivity workers. This policy negatively affects those with the least education, job experience, and maturity. Teenagers are likely to face unemployment when the minimum wage is increased. According to Tim Kane of the Heritage Foundation, most economists believe a minimum wage does not work in free markets. Kane says, "Although the minimum wage will not work according to economic theory—and it has not worked in reality—what makes it especially tragic is that it hits poor Americans hardest. . . . Average pay in America has been increasing steadily in recent years, despite the fact that the minimum wage has not changed since 1997. Real wages rise when productivity rises."

—Tim Kane, PhD, March 4, 2005

### Debating the Issue

1. **Describing** What is the purpose of a minimum wage law?
2. **Recalling** When did Congress begin passing minimum wage laws?
3. **Explaining** What workers are most likely to be affected by an increase in the minimum wage?
4. **Concluding** Why do you think Congress refused to increase the minimum wage for several years?

## Activity: Economics Connections

**Exploring Minimum Wage** Assign students to small groups. Ask them to use the Internet and to read different opinions from politicians and economists to create a list of the pros and cons of raising the minimum wage. Encourage them to find quotes from members of Congress that support either position. After they have researched the

topic, have each group vote on whether the minimum wage should be increased. Have them give reasons for their positions. Groups will present their opinions to the class. They may use line graphs, bar graphs, or other graphics to help support and illustrate their points of view. **OL**

## Guide to Reading

### Big Idea

Market economies rest upon the fundamental principle of individual freedom for consumers, producers, and workers.

### Content Vocabulary

- transparency (p. 617)
- discrimination (p. 618)
- social responsibility (p. 618)

### Academic Vocabulary

- foundation (p. 616)
- crucial (p. 617)
- reveal (p. 617)

### Reading Strategy

**Organizing** As you read the section, complete a diagram like the one below by identifying at least one responsibility of business in each category.

Responsibility of Business	
To consumers	To employees



# Businesses in Our Economy

**Real World Economics** Have you ever thought about starting your own business? These plumbers are fulfilling that dream as they service homes in the Miami, Florida, area. They promote their own business and welfare by running an honest company while at the same time being part of America's construction industry—a booming industry that fuels America's economy. Businesses like theirs have a responsibility to provide quality service to consumers. They also have a responsibility when hiring others, to pay a fair wage.

▼ Adjusting the plumbing on a Florida condominium

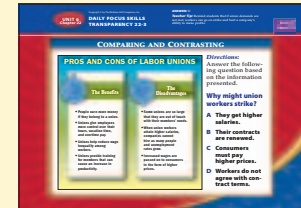


## Focus



### Bellringer

Daily Focus Transparency 22–3



## Guide to Reading

Answers to Graphic:

Responsibility of Business	
To consumers	To employees
to provide safe products and truthful advertising	to treat all of them fairly

### Section Spotlight Video

To learn more about businesses in our economy, have students watch the Section Spotlight Video for this section.

## Resource Manager

<b>R</b> Reading Strategies	<b>C</b> Critical Thinking	<b>D</b> Differentiated Instruction	<b>W</b> Writing Support	<b>S</b> Skill Practice
<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>Specifying, p. 616</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>Cont. Vocab., URB p. 111</li> <li>Ac. Vocab., URB p. 113</li> <li>Guide. Read., URB p. 131</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>Making Inferences, p. 616</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>Biographies, URB p. 115</li> <li>Crit. Think., URB p. 119</li> <li>Quizzes and Tests, p. 262</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>Gifted and Talented, p. 617</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>Diff. Instruction, URB p. 123</li> <li>Reteach. Act., URB p. 127</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>Personal Writing, p. 617</li> </ul>	<b>Teacher Edition</b> <ul style="list-style-type: none"> <li>Creating a Table, p. 618</li> </ul> <b>Additional Resources</b> <ul style="list-style-type: none"> <li>Daily Focus Trans., 22–3</li> </ul>



# Teach

## C Critical Thinking

**Making Inferences** Ask: **Why do you think many businesses, both large and small, contribute financial donations to foundations, schools, and charities?**

(Possible Answers: They believe they have a social responsibility to give back to the community that helps support their businesses; they are compassionate; they receive tax deductions.) **OL**

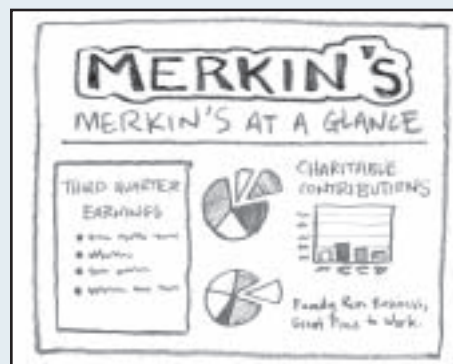
## R Reading Strategy

**Specifying** Have students suggest examples of businesses that produce goods that meet people's needs. Write examples on the board. (Suggestions may include Wendy's, McDonald's, the Gap, Home Depot, Ford, Max Factor, Sony, Dell, and so on.) **BL**

**Reading Check** Answer: They buy machines and services from other businesses.

**Caption Answer:** They can donate money or supplies.

## Hands-On Chapter Project Step 3



## Roles of Business

**Main Idea** Businesses play many different roles in our economy. Businesses also have many responsibilities.

**Economics & You** Have you ever played in a park that was paid for by a local business? Read to find out other ways businesses assist our economies.

**Y**ou may have eaten a square, onion-smothered White Castle hamburger. But did you know that the Ingram family, founders of that fast-food chain, have given \$11 million to support education through its family **foundation** (an institution created to promote the public good)?

Businesspeople such as the Ingrams can be very generous. This generosity comes not only from major corporate givers like the Ingrams. Many local businesses, also, make similar efforts. They donate money or

supplies to school fund-raisers. They give money to support children's athletic teams. This community involvement is just one way that business plays a role in society.

Businesses play many different roles in our economy. Sometimes businesses act as consumers—they buy goods and services from other businesses. Manufacturers buy energy and raw materials, while insurance companies buy office furniture and supplies. Stores purchase computers and software to track sales. Businesses are also employers. They provide jobs to millions of workers.

Of course, businesses are also producers. Businesses large and small produce the food, clothing, and shelter that meet people's basic needs, as well as the cars, movies, and appliances that make life more enjoyable and comfortable.

**Reading Check Explaining** Businesses are producers. In what way are businesses also consumers?

**Generosity** Many businesspeople, such as James H. Quigley, the CEO of the North Carolina-based Deloitte & Touche USA, participate in community service. **Describing** How else can businesses help a community in addition to donating employees' time?



616

## Taking Stock of American Corporations

**Step 3: Preparing a Financial Picture of Corporations** Students will use research from Steps 1 and 2 to create posters that provide a financial picture of five companies.

**Directions** Instruct each group to review the research they collected in Steps 1 and 2 and to choose five companies that they feel are the best, based on financial earnings,

labor practices, and social responsibility. After the groups have made their final choices, have them create a poster for each of the five companies. The poster should include information such as the company's product or service, financial earnings, labor relations, and contributions to communities or charities. Encourage students to be creative in their presentations. Groups will share their final products in Step 4. **OL**  
(Project continued on the Visual Summary page)



## Responsibilities

**Main Idea** Businesses have responsibilities to their consumers, owners, employees, and communities.

**Economics & You** Can you think of anything in your school that was donated by a local company? Read to find out why more and more businesses feel a responsibility to their communities.

**A**s they carry out their roles, businesses have different responsibilities. Sometimes laws spell out those responsibilities. Business managers may suffer serious consequences if they do not act responsibly.

### Responsibilities to Consumers

Businesses have the responsibility of selling products that are safe. Products and services should also work as promised. A new video game should run without flaws. An auto mechanic should change a car's oil correctly. Businesses also have the responsibility of being truthful in their advertising. Finally, businesses should treat all customers fairly.

### Responsibilities to Owners

Another responsibility is to the owners of the business. This is especially **crucial**, or key, in corporations, in which the managers and owners are different groups of people. To protect stockholders, corporations are required to release important financial information regularly.

**Revealing**, or making public, this information is called **transparency**. The purpose of publishing this information is to provide investors with full disclosure before they choose to invest, or continue to invest, in the company.

Sometimes the managers of a corporation are not completely honest in what they say about the business. When that happens, the government can prosecute them for breaking the law.

## TIME Teens in Action

### Brittany Clifford

**B**rittany Clifford, 16, of Scottsdale, Arizona, does not have cold feet when it comes to soliciting businesses for donations. A few companies foot the bill for Fuzzy Feet, Clifford's foundation that provides children with slippers to warm their feet during hospital stays.

**QUESTION:** Why did you start Fuzzy Feet?

**ANSWER:** My friend Michael had heart surgery. In the hospital, he always seemed to be cold. I found out that most of the children in the hospital wore only socks, and many had bare feet. I had an idea to establish a program that would donate slippers to sick children to ease their hospital stay.

**Q:** How many kids have you reached?

**A:** Through the generosity of businesses that donate slippers, Fuzzy Feet brings comfort and smiles to hospitalized children across the United States. We delivered our first slippers on Valentine's Day, 2002. Since then, Fuzzy Feet has given away more than 8,000 slippers to sick children in Phoenix, Los Angeles, and New York City.

**Q:** What kind of reaction do you get when you give kids the slippers?

**A:** Tons of smiles and lots of laughter. Some people have even cried.

**Q:** What about the future?

**A:** My goal is to have different chapters all around the U.S. and maybe in other countries. I want to go to Kenya, Africa, and give out slippers to the kids there. I want to go everywhere to give slippers to everyone!

**ACTION FACT:** Clifford loves to dance and cheerlead. She has a terrier named Tinker Bell.

Making a Difference CITIZENSHIP

**Describing** How did Brittany get the idea for Fuzzy Feet?

## W Writing Support

**Personal Writing** Have students write about a personal experience in which a product they purchased was flawed. Ask them to describe the problem and what—if anything—the business did to remedy the situation. Invite students to share their anecdotes with the class. **Ask:** How did the business that produced the flawed product guarantee their product?

(Answers will vary.) How could word of mouth affect these businesses? (It might cause them to lose customers.) **OL**

## D Differentiated Instruction

**Gifted and Talented** Have students research the Enron financial scandal. Have students find out what the crime was, who reported it, and the effect it had on stockholders. (securities fraud and conspiracy) Have students report their findings to the class. **AL**

## TIME Teens in Action

**Answer:** Her friend, who was hospitalized, always had cold feet. She noticed many children in the hospital also had bare feet. She wanted to help keep children's feet warm.

## Differentiated Instruction

Chapter 22 617

### Biography Activity 22

#### Bethany McLean (1961–)

Business journalist Bethany McLean earned a spotlight on corporate corruption in 2003 when she questioned the business practices of energy giant Enron. Her article "Is Enron 'Too Big to Fail'?" was the first in a series of articles that helped challenge the method by which the company made its financial statements.

#### Revealing a Scandal

Bethany McLean grew up in Millington, a small town in Tennessee. McLean later moved to Massachusetts to attend Williams College. There, she majored in economics and worked as a reporter for the college newspaper. After college, McLean became an editor at Goldman Sachs, a large global investment banking institution.

McLean spent two years working in the company's Hong Kong and Singapore offices. In 1998, she moved back to the United States to work for the Wall Street Journal. In 2000, she was named the Journal's first female managing editor.

#### The Investment Edge in the Enron Scandal

In March 2001, Enron published a story by McLean in which she questioned Enron's high earnings. At a time when technology and other stocks were declining in value, Enron's shares were trading at a record high. The article caused many investors to question Enron's practices, including producing, delivering, and breaking energy. McLean questioned



Bethany McLean

how Enron's value could be rising so much a rapid rate and also why its business operations were so complex as to be practically impossible to follow.

In the fall of 2001, Enron's stock price fell sharply. The company's accounting practices began to unravel. The company had previously been reporting profits, but now those profits were disappearing. Investors began to sell their Enron stock, and the company's stock price fell sharply.

McLean and another senior writer at Enron wrote a book about the Enron scandal entitled *The Smartest Guys in the Room*. The book was published in 2003. McLean later appeared in a documentary based on the book.

## Bethany McLean

- Objective:** To identify McLean's role in breaking the Enron scandal
- Focus:** Discuss what McLean's job was and how it related to Enron.
- Teach:** Discuss the reasons for the declining of stocks in the early 2000s.
- Assess:** **Ask:** How could McLean tell Enron's accounting practices were questionable?
- Close:** Create a timeline chronicling the fall of Enron.

## Differentiated Instruction Strategies

- BL** **Ask:** Why would a business give misleading information about its earnings?
- AL** If you had 100 shares of Enron stock at its record-high, how much money would you have lost when the stock hit its lowest point?
- ELL** Have students define "bookkeeping" and "brokering."

Biography Activity 22, URB pp. 115–116

## S Skill Practice

**Creating a Table** Bring in copies of business magazines, such as *BusinessWeek*, *Forbes*, or *Fortune*. Ask students to find articles and to take notes about businesses that provide a safe workplace for employees or contribute to the community. Have students create a table that lists businesses that show civic responsibility.

OL

**Reading Check** Answer: the sense of duty to pursue goals that benefit society as well as the business

## Assess



**Study Central™** provides summaries, interactive games, and online graphic organizers to help students review.

## Close

**Illustrating** Have students create a graphic organizer that shows specific examples of the responsibilities that businesses have to the consumers, employees, owners, and the community. OL

## Section 3 Review

The scandal involving bankrupt energy company Enron showed the damage that can be done to investors when critical financial information is not reported by auditors.

## Responsibilities to Employees

Businesses also have responsibilities to their employees. Businesses are required to give their workers a safe workplace and to treat all workers fairly and without **discrimination**. This means that they cannot treat employees differently on the basis of race, religion, color, gender, age, or disability.

**S** Some companies are recognized for working hard to meet the needs of their employees. Johnson & Johnson, which makes baby and health care products, takes an active role in fulfilling its responsibilities to its employees. *Latina* and *Working Mother* magazines cited Johnson & Johnson as one of the best U.S. companies in this area.

## Responsibilities to the Community

More and more businesses are emphasizing their **social responsibility**—the obligation to pursue goals that benefit society as well as themselves. Gifts to charities are one example of how businesses meet this social responsibility. Many businesses take an active role in meeting the needs of their communities. The retail store Target, for example, promotes programs of community and national volunteering.

American Express has a tradition of responding to emergencies and providing assistance to disaster victims through grants to relief agencies. Another company program promotes historical and environmental preservation.

**Reading Check** Defining What is social responsibility?

## Section Review 3

### Vocabulary

- Write** a paragraph describing the social responsibility of businesses using the following terms: *transparency*, *discrimination*.

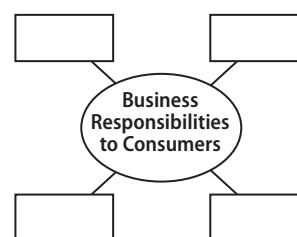
### Main Ideas

- Describing** How do businesses act as producers?
- Explaining** Why is it important for corporations to publish their financial information regularly?

### Critical Thinking

- Evaluating** Which of the business responsibilities described in this section do you feel makes the biggest impact on your community? Why?

- BIG Idea** On a diagram like the one below, identify as many of the responsibilities of businesses to consumers as you can.



### Citizenship Activity

- Analyzing** Contact a local business and ask how the business contributes to the community. Describe the actions of the business and what you think the effects are. Share your findings with the class.

### Writing

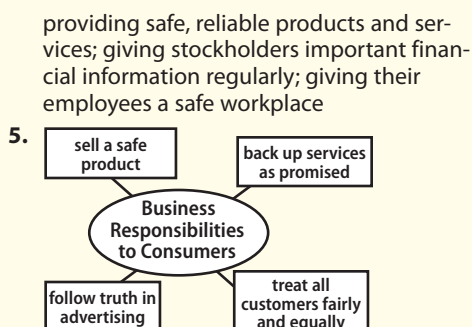
- Descriptive Writing** Research on the Internet and describe the corporate responsibility program of a large, well-known U.S. company. Share your findings with the class.



**Study Central™** To review this section, go to [glencoe.com](http://glencoe.com).

## Answers

- Paragraphs should use vocabulary words according to their definitions in the section and in the Glossary.
- They produce products that help meet people's needs.
- It is important that a company's stockholders have enough financial information to make decisions about buying or selling their stock.
- Possible answers: donating time, money, and supplies to charitable organizations;



- Remind students to call ahead to set an appointment with the business owner and to state the purpose of their meeting. Students should take notes so that their findings are accurate and thank the business owner for his or her time.
- Findings should demonstrate an understanding of the concept of social responsibility.



Mine workers support those pursuing safety laws

## Business

- Sole proprietorships are small, easy-to-manage enterprises owned by one person.
- Proprietorships are relatively numerous and profitable.
- Disadvantages include raising financial capital and attracting qualified employees.
- Partnerships are owned by two or more persons.
- Corporations are owned by shareholders.

- One of the major advantages of a corporation is limited liability.
- A major disadvantage of corporations is that they are taxed more heavily than other forms of business organizations.

## Responsibilities

- Businesses have a responsibility to provide safe, working products to their customers.
- Businesses have an obligation to pursue goals that benefit society as a whole as well as themselves.

Independent beekeeper in North Carolina



## Labor

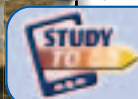
- For much of its history, organized labor in the United States has been split into two groups: craft unions and industrial unions
- Organized labor operates at three levels:
  - local union
  - national union
  - federation
- The closed shop (now illegal) required that employers hire only union members.



Small businesses employ local workers

## Collective Bargaining

- Collective bargaining is the process by which unions and employers negotiate the conditions of employment.
- When collective bargaining fails, several other methods are available to settle labor disputes.



Study anywhere, anytime! Download quizzes and flash cards to your PDA from [glencoe.com](http://glencoe.com).

**Making Comparisons** Have students create a slide show that depicts the three main types of businesses and describes the advantages and disadvantages of each. Students may draw posters or use magazine photographs as substitutes for slides. The slide show should include a script that explains each visual. **AL**

For additional practice on this skill (Making Comparisons), see the **Skills Handbook**.

**Identifying Central Issues** Have students create two advertisements. In one, the advertisement will emphasize a company's responsibility to its customers, including a safe product and guaranteed services. In the other, the advertisement will emphasize the product's qualities and selling points. Encourage students to be creative, making up names of companies and products. **OL**

**Identifying Points of View** Have students create a T-chart with the headings Labor and Management. In each column, have students write a bulleted list that describes the methods each side uses to settle labor disputes. **OL**

## Hands-On Chapter Project Step 4: Wrap-Up

## Taking Stock of American Corporations

**Step 4: Preparing a Financial Picture of Corporations** Groups will present their five posters to the class and evaluate each company.

**Directions** Have each group present its poster to the class.

Each group should choose a speaker from its members to explain the poster. The

speaker's presentation should focus on the financial stability and sound business practices of the selected companies.

After all groups have presented their posters, lead a discussion about companies in which students think it would be wise to invest money. Write their choices on the board. Next, ask students which companies would be good workplaces. Have them explain their choices. Display student posters in class. **OL**



## Answers and Analyses

### Reviewing Vocabulary

**1. C** This question requires that students know the five advantages of corporations listed in the text. Students must also remember the difference between unlimited liability and limited liability. Students may mistakenly choose A, thinking that a corporation provides an environment for rapid promotion. However, with so many people working in corporations, the competition is tough.

**2. A** Students must remember the corporate chain of command to answer this question. The board of directors selects a president, who then hires a vice president. Managers are much lower in the chain of command. Choice D is a term used in small businesses.

**3. B** Students might hesitate between A and B. However, choice A, "arbitration," refers to including a third party to help settle differences.

**4. D** This question requires that students remember what responsibilities businesses have to their owners. The key word is "investors". This should help students remember that investors or stockholders are protected when investing in a corporation.

### Reviewing Main Ideas

**5. A** To answer this question, students must recall that a business owned by a single person is the most common in the United States. Students may mistakenly choose D, thinking that because corporations are large and more well known, there are more of them.

**6. B** Students should notice the stem refers to partners, leaving choices B and C as possible answers. In a general partnership, choice C, all partners manage the business.

**7. C** This question requires that students differentiate between closed shops, which require workers to join a union *before* getting hired, and a union shop, which allows workers to join the union *after* they are hired.

### TEST-TAKING TIP

Question 8 asks you about mediation. Reading all the answer choices may help you remember information about this topic.

### Reviewing Vocabulary

*Directions: Choose the word(s) that best completes the sentence.*

**1.** Among the advantages of corporations are the ease of raising financial capital, professional management, and \_\_\_\_\_.

- A** rapid promotions      **C** limited liability  
**B** lower taxes      **D** specialization

**2.** The stockholders of a corporation elect a \_\_\_\_\_ to act on their behalf.

- A** board of directors      **C** manager  
**B** vice president      **D** proprietor

**3.** Union and management discussion about wages and working conditions is an example of \_\_\_\_\_.

- A** arbitration      **C** conflict  
**B** collective bargaining      **D** open shop

**4.** The purpose of \_\_\_\_\_ is to provide investors with full disclosure before they choose to invest.

- A** insurance      **C** arbitration  
**B** insight      **D** transparency

### Reviewing Main Ideas

*Directions: Choose the best answer for each question.*

#### Section 1 (pp. 600–606)

**5.** The most common form of business organization in the United States is the \_\_\_\_\_.

- A** sole proprietorship  
**B** limited partnership  
**C** department store  
**D** corporation

**6.** At least one partner is not active in the daily running of the business in a \_\_\_\_\_.

- A** proprietorship  
**B** limited partnership  
**C** general partnership  
**D** corporation

#### Section 2 (pp. 608–613)

**7.** In a union shop, workers are required to join a union \_\_\_\_\_.

- A** before they begin working  
**B** after their first paycheck  
**C** after they begin working  
**D** before arbitration

**8.** Mediation is used in negotiations over wages and benefits when \_\_\_\_\_.

- A** a strike is about to occur  
**B** the parties cannot agree  
**C** the government orders it  
**D** everything else has failed

#### Section 3 (pp. 615–618)

**9.** Businesses have the obligation to pursue goals that benefit society as well as themselves. This is called \_\_\_\_\_.

- A** transparency  
**B** full disclosure  
**C** social responsibility  
**D** unlimited liability

**10.** Corporations are required to release important financial information regularly to \_\_\_\_\_.

- A** citizens  
**B** employees  
**C** competitors  
**D** stockholders

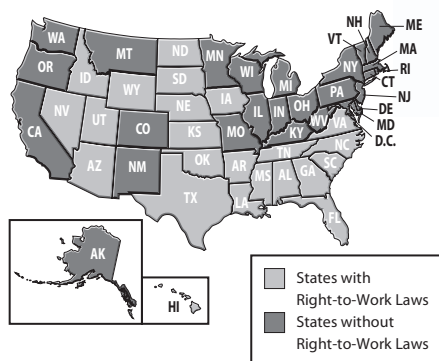
GO ON 

**8. B** Students must recall the process of management negotiation. When the parties cannot agree, they will often opt for mediation. Students may recall how mediation is used in school conflicts. Some students may choose A because strikes typically occur when negotiations break down. Government intervention, choice C, is used under extreme circumstances.

**9. C** Students need to remember what responsibilities businesses have to their consumers. Products must be safe, services should be performed as promised, and employees must be treated fairly. Choices A and B refer to a company making information available.

## Critical Thinking

Directions: Base your answers to questions 11 and 12 on the map below and your knowledge of Chapter 22.



Source: National Right to Work Foundation.

11. What statement best explains the map's division of states in the eastern half of the United States?
  - A The northern states have more people than the southern states.
  - B Right-to-work laws are popular in vacation areas.
  - C Union influence is stronger in the industrial Northeast.
  - D The closed shop is more popular in the South.
12. Which of the following states does not permit union shops?
  - A Idaho
  - B Ohio
  - C California
  - D Missouri

## Document-Based Questions

Directions: Analyze the following document and answer the short-answer questions that follow.

The Securities and Exchange Commission is the federal government's agency that regulates the sale of securities, such as stocks and bonds. Recently its chairman, William H. Donaldson, talked about business ethics to the Caux Roundtable in Minnesota.

*As we all know, much of American business is defined by its dynamism and frequent change—new products, new systems, and vigorous competition. In this climate, business practices will frequently outpace any government regulator's ability to develop specific rules governing these practices. . . .*

*This is where having a culture of doing what is right—in the absence of specific rules and even in the face of your competitors' choosing a different path—is vital. This is where the courage and commitment of the firm's leaders is needed to question whether a particular firm practice—no matter what the lawyers say—is truly ethical or is truly in the best interests of client and customers. . . . What I'm talking about is creating a renewed culture of compliance in American business.*

13. According to William H. Donaldson, why is it difficult for regulators to govern everyday business practices in America?
14. What is a "culture of compliance," and why is it needed?

## Extended-Response Question

15. The free market has its own way of weeding out bad businesses. Should government also have a role in that process? Explain your answer.

STOP



For additional test practice, use Self-Check Quizzes—Chapter 22 on [glencoe.com](http://glencoe.com).

### Need Extra Help?

If you missed question. . .	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Go to page. . .	605	604	611	617	601	602	610	611	618	617	610	610	617	617	617

Chapter 22 621

**10. D** Answering this question requires that students remember what responsibilities corporations have to their stockholders. The financial information allows stockholders to determine if they should continue to hold stock in the company or to sell.

## Critical Thinking

**11. C** Students should notice that the states in the Northeast are states without right-to work laws. This indicates that these states have mandatory union membership. Students may mistakenly choose D, thinking a closed shop refers to a right-to-work state. However, it is a modified union shop that allows a worker to choose whether he or she wishes to join a union.

## STANDARDIZED TEST PRACTICE

**12. A** Students must remember that a union shop means that an employee must join a union after he or she is hired. Idaho has a right-to-work law, indicating that workers do not have to join a union.

## Document-Based Questions

**13.** America's business climate is one of frequent change. This makes it difficult for regulators to keep up by adopting specific rules for all the new practices.

**14.** Businesses should take the responsibility of doing what is ethical and fair whether or not the government has passed laws to make them comply.

## Extended Response

**15.** Consumer and other businesses eventually refuse to purchase goods and services from other businesses that develop a bad reputation. However, many people may be hurt or cheated in the short term or may not realize the problem. In such cases, government has the power to investigate and to require accountability.



Have students visit the Web site at [glencoe.com](http://glencoe.com) to review Chapter 22 and take the **Self-Check Quiz**.

### Need Extra Help?

Have students refer to the pages listed if they miss any of the questions.

## Analyzing Primary Sources

### Focus

#### **R** Reading Strategy

**Paraphrasing** Read all of the excerpts aloud. Remind students that word structure changes over time, just as fashion styles do. To better understand the meaning behind the words of Adam Smith, have students, as a class, work on paraphrasing Smith's excerpt. Write their suggestions on the board. Remind students to emphasize the main idea.

Next, have students work alone to paraphrase the excerpts from Hayek and Hazlitt. Invite volunteers to read their work aloud.

Finally, have students write three sentences: one that summarizes Smith's ideas, one that summarizes "The Free Market" excerpt, and one that summarizes Hazlitt's sentence. **OL**

### Additional Reading

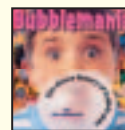
Review suggested books before assigning them.



**Bill Gates: Helping People Use Computers** by Charnan Simon is a biography about Bill Gates. Gates's innovative operating system, MS-DOS and Windows, helped create a computer revolution around the world.



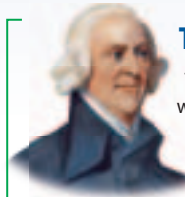
**The Problem Solvers: People Who Turned Problems into Products** by Nathan Aaseng tells the story of nine inventors who turned an existing problem into successful products, such as Astro-turf, the Jacuzzi, and the innovative Polaroid camera.



**Bubblemania: The Chewy History of Bubble Gum** by Lee Wardlaw traces the history of chewing gum from the Stone Age to today. Find out who invented modern bubblegum, what a bubblegum factory looks like, and how to blow a champion-size bubble.

## Analyzing Primary Sources

### Economic Concepts



#### The Invisible Hand

The central principles of capitalism are found in the words of Scottish economist Adam Smith.

[E]very individual, therefore, **endeavours** as much as he can [to direct his resources toward his own business so] that its produce may be of the greatest value; every individual ... neither intends to promote the public interest, nor knows how much he is promoting it ... he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. ... By pursuing his own interest he frequently promotes that of the society more **effectually** than when he really intends to promote it.

—from *The Wealth of Nations* by Adam Smith

#### The Free Market

Economists and political philosophers Friedrich Hayek and Henry Hazlitt were strong defenders of free market capitalism.

Our freedom of choice in a competitive society rests on the fact that, if one person refuses to satisfy our wishes, we can turn to another. But if we face a **monopolist** we are at his mercy. And an authority directing the whole economic system would be the most powerful monopolist imaginable.

—from *Road to Serfdom* by Friedrich A. Hayek

#### Benefits of Capitalism

Capitalism, the system of private property and free markets, is not only a system of freedom and of natural justice—which tends in spite of exceptions to distribute rewards in accordance with production—but it is a great co-operative and creative system that has produced for our generation an **affluence** that our ancestors did not dare dream of.

—from *Man vs. the Welfare State* by Henry Hazlitt

#### Reading Focus

Capitalism is a system in which government plays a limited role in the nation's economic activity. Demand and supply have an important effect on production and pricing.

#### Read to Discover

As you read, think about the following:

- How do freedom of enterprise and freedom of choice apply to the American economy?
- How can prices serve as signals to both producers and consumers?

#### Reader's Dictionary

**endeavours:** makes an effort

**effectually:** fully adequately

**monopolist:** one who has exclusive control or ownership

**affluence:** wealth, abundance

**brevity:** shortness



## Supply and Demand and Prices

British economist Alfred Marshall popularized the idea that prices are determined by *both* supply and demand.

The remainder of the present volume will be chiefly occupied with interpreting and limiting this doctrine that the value of a thing tends in the long run to correspond to its cost of production. In particular ... [we will consider] the controversy whether “cost of production” [supply] or “utility” [demand] governs value.

We might as reasonably dispute whether it is the upper or the under blade of a pair of scissors that cuts a piece of paper, as whether value is governed by utility or cost of production. It is true that when one blade is held still, and the cutting is effected by moving the other, we may say with careless **brevity** that the cutting is done by the second; but the statement is not strictly accurate, and is to be excused only so long as it claims to be merely a popular and not a strictly scientific account of what happens.

In the same way, when a thing already made has to be sold, the price which people will be willing to pay for it will be governed by their desire to have it, together with the amount they can afford to spend on it. Their desire to have it depends partly on the chance that, if they do not buy it, they will be able to get another thing like it at as low a price: this depends on the causes that govern the supply of it, and this again upon cost of production. ...

—from *Principles of Economics* by Alfred Marshall



**Photographs as Primary Sources** What do you know for sure by looking at the photograph? What can you infer by looking at the photograph? Write a caption explaining how this photograph can be used to illustrate the effect that supply and demand have on price.

## Analyzing Primary Sources

### Teach

#### **R** Reading Strategy

**Making Connections** Have students discuss why people are willing to pay a high price for something scarce. **OL**

**Caption Answer:** The house is large and is for sale. Inference: With a reduced price, the house was either too expensive or has been on the market for awhile. Sample Caption: Homebuyers are willing to spend more money if supply is low. Too many houses on the market causes prices to go down.

#### **DBQ** Document-Based Questions

##### Answers:

1. No. Smith writes that the entrepreneur intends only his own gain.
2. freedom of choice; wealth
3. a pair of scissors cutting a piece of paper; opinions may vary.
4. Responses will vary. Products whose value does not change include jewelry, expensive cars, gold, houses. Prices fluctuate quickly on fad items such as toys, farm products, and clothes.

#### **DBQ** Document-Based Questions

1. **Analyzing** Would Adam Smith agree that the benefits of free enterprise are a consequence of people's desire to make life better for others? Explain.
2. **Explaining** What does Hayek say is an important benefit of a free market economy? What benefit does Hazlitt stress?
3. **Connecting** What example does Marshall use to depict the workings of supply and demand on price? Do you think this is a good example? Explain.
4. **Categorizing** Some prices in our economy very seldom change, whereas others change all the time, even daily. Make a list of products whose prices change slowly, if at all. Make another list of products whose prices you think change quickly. Write a paragraph explaining in your own words why the price of some items is unchanging while the price of others changes often.

623

## Did You Know?

**Shortages and Surpluses** In 1973, OPEC stopped exporting oil to the United States, thus creating a scarcity of that important energy source. The price of gasoline quadrupled, from 25 cents a gallon to over a dollar. Some gas stations ran out of fuel and had to close. People waited in lines for hours to fill up their cars. In order to save money, Americans lowered their consumption of oil and started building more fuel-efficient cars.

The prices of surplus goods usually drop. For many years, oranges were a surplus crop in Florida, especially if there were no hurricanes or prolonged frosts. Orange growers had to sell oranges at low prices before they rotted. But then the Southern Regional Research Center developed frozen orange juice concentrate. Because the growers now had a use for their surplus oranges, they no longer had to sell them at low prices.

### Additional Support